



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

Olene S. Walker
Governor

Kevin S. Carter
Director

October 22, 2004

RECEIVED

OCT 25 2004

DIV OF OIL GAS & MINING

Bruce Mitchell
Sawtooth Stone, LLC
103 West Center
P.O. Box 49
Oakley, ID 83346

RE: Mineral Lease No. ML 49384-MP
T11N, R16W, SLB&M, Sect. 36: SE4SE4, W2SE4, Box Elder County

Dear Mr. Mitchell:

I recently received three separate items in the mail regarding the above numbered mineral materials permit.

1. A copy of the notice of intent to commence small mining operations, which you filed with the Division of Oil, Gas & Mining (DOGM #S/003/068).
2. A notice of cancellation of insurance policy no. GL818246
3. A copy of an extension request approved by DOGM for posting of your reclamation bond.

I will accept your notification to the Division of Oil, Gas & Mining as satisfying Section 14 (Plan of Operations) of the terms and conditions of ML 49383-MP provided that you submit supplemental explanation to me detailing exactly how your operations will serve to reclaim the existing mining disturbances upon the property as is required by Section 23 (Special Stipulations). You must also provide me with a copy of your surface use permit when issued by BLM.

You must submit a new insurance policy in satisfaction of Section 18 (Insurance) of the terms and conditions of your mineral materials permit. The insurance policy must list the Trust Lands Administration by name as a co-insured.

The Trust Lands Administration will defer reclamation bonding to the Division of Oil, Gas & Mining for the time being, but reserves the right to require such bonding as may be necessary to protect the interests of the surface owner and satisfy state law.

Please contact me if you have any questions in this matter.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Daron Haddock ✓
Mike Nelson

Utah!

Where ideas connect™

-- 0005